



# HOUSE BILL 980: Medicaid/2012-2013 Additional Appropriations

2013-2014 General Assembly

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<b>Committee:</b>	Senate Appropriations/Base Budget	<b>Date:</b>	May 28, 2013
<b>Introduced by:</b>		<b>Prepared by:</b>	Luke Gillenwater
<b>Analysis of:</b>	PCS to Second Edition H980-CSLE-13		Committee Co-Counsel

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**SUMMARY:** *The PCS for House Bill 980 authorizes budget adjustments for the 2012-2013 fiscal year in an amount up to \$451,000,000 to cover (i) a projected Medicaid budget shortfall of \$333,000,000 and (ii) the repayment of Medicaid federal drug rebates in the amount of \$118,000,000.*

## BILL ANALYSIS:

**Section 1:** Directs the Governor, in conjunction with the State Controller and other necessary State officials, to effectuate budget adjustments for the 2012-2013 fiscal year in an amount not to exceed \$451,000,000 to cover:

- A projected Medicaid budget shortfall of \$333,000,000; and
- The repayment of Medicaid federal drug rebates in the amount of \$118,000,000.

**Section 2:** The adjustments authorized by Section 1 are set forth in the following priority order and no adjustment shall be made until the preceding adjustment has been exhausted:

Source of Funds:	Amount:
Transfer of drug rebate funds within the Division of Medical Assistance	\$74,000,000
Transfer of funds from State appropriations not expended pursuant to Section 10.9G of S.L. 2012-142	\$20,900,000
Transfer of projected reversions within the Department of Health and Human Services, including unspent or unobligated State appropriations from the Transitions to Community Living Fund	\$48,000,000
Transfer of funds from the June 30, 2012, unreserved fund balance	\$213,432,878
Transfer of funds from projected revenue overcollections for the 2012-2013 fiscal year	\$94,667,122

**Section 3:** Specifies that budget adjustments made pursuant to Section 1 are only to pay the costs of the State Medicaid Program for the 2012-2013 fiscal year and any funds not used shall revert to the unreserved fund balance of the General Fund.



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**Section 4:** Prohibits the Governor or any other State official, officer, or agency from making an adjustment to implement this act that would impose, increase, or continue a financial obligation into future fiscal years.

**Section 5:** Directs the Office of State Budget and Management to maximize 2012-2013 fiscal year General Fund reversions in order to increase the June 30 unreserved fund balance in the General Fund.

**Section 6:** Directs the Office of State Budget and Management, the Department of Health and Human Services, and the Office of State Controller to report jointly by October 1, 2013 on the implementation of this act. The report shall be made to the Appropriations/Base Budget Committee of the Senate, the Appropriations Committee of the House of Representatives, and the Joint Legislative Commission on Governmental Operations. The quarterly reports required under G.S. 143C-6-4 do not apply to adjustments made pursuant to this act.

**EFFECTIVE DATE:** The PCS is effective when it becomes law.